Military Health System Overview

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Director, Remote Site Healthcare
TRICARE Area Office Europe

TRICARE

Discussion

- Military Health System Overview
  - US Health Care issues and concerns
- TRICARE Area Office – Europe
- TRICARE Global Remote Overseas (TGRO)


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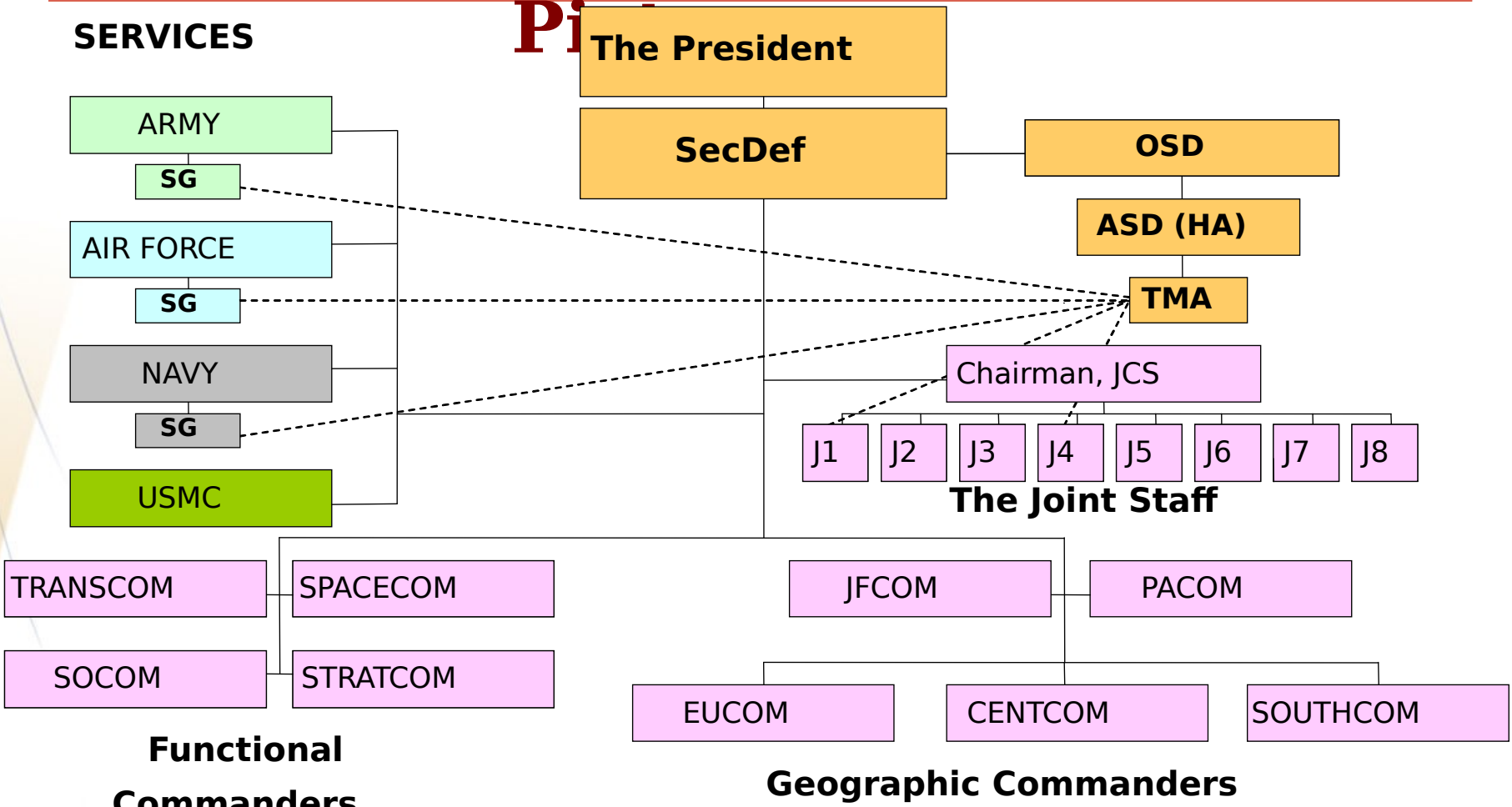
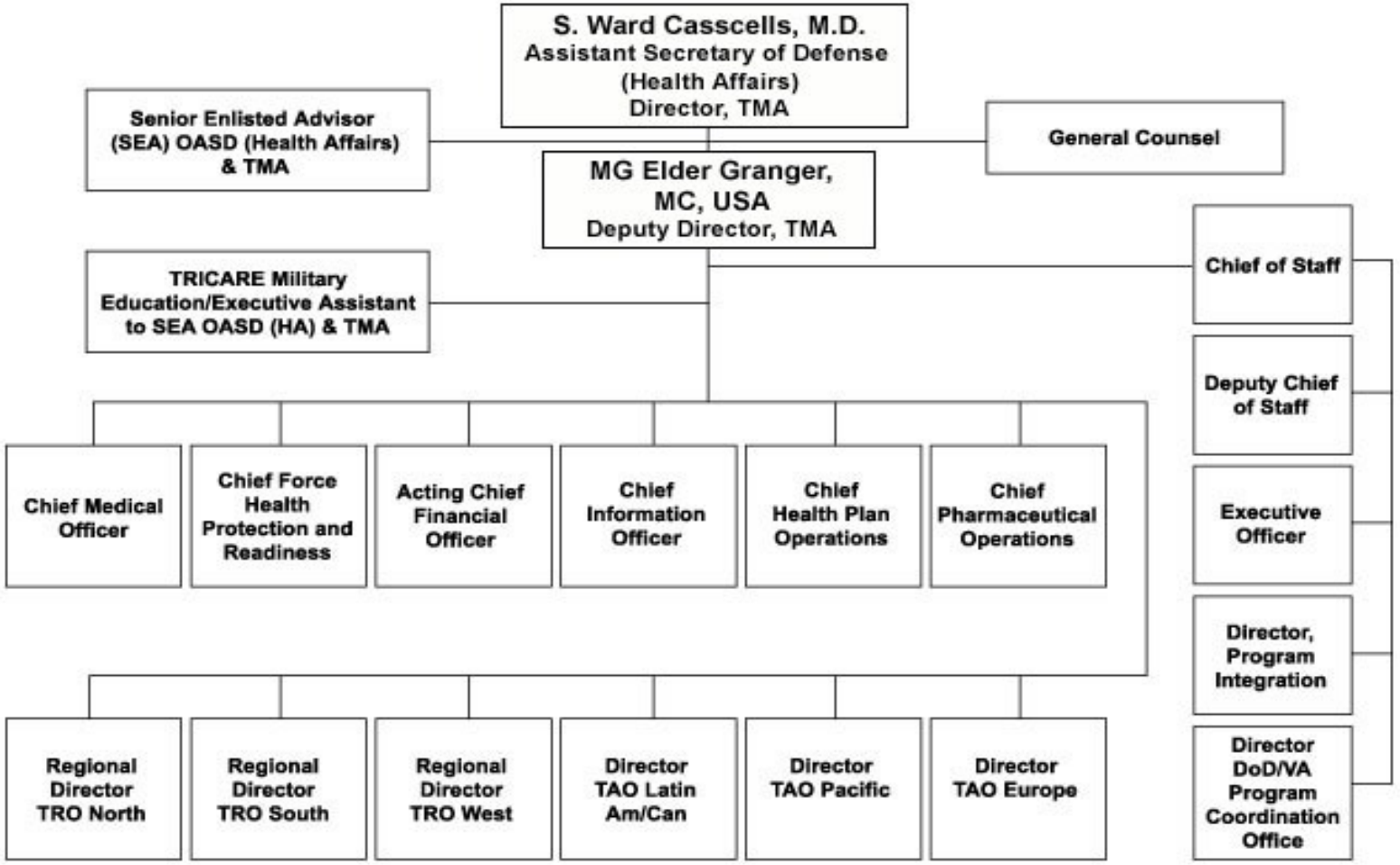
The Big Pi


SERVICES
The President
SecDef
OSD
ASD (HA)
TMA
ARMY
SG
AIR FORCE
SG
NAVY
SG
USMC
Chairman, JCS
J1
J2
J3
J4
J5
J6
J7
J8
The Joint Staff
TRANSCOM
SPACECOM
SOCOM
STRATCOM
Functional Commanders
JFCOM
PACOM
EUCOM
CENTCOM
SOUTHCOM
Geographic Commanders

TRICARE Management Activity



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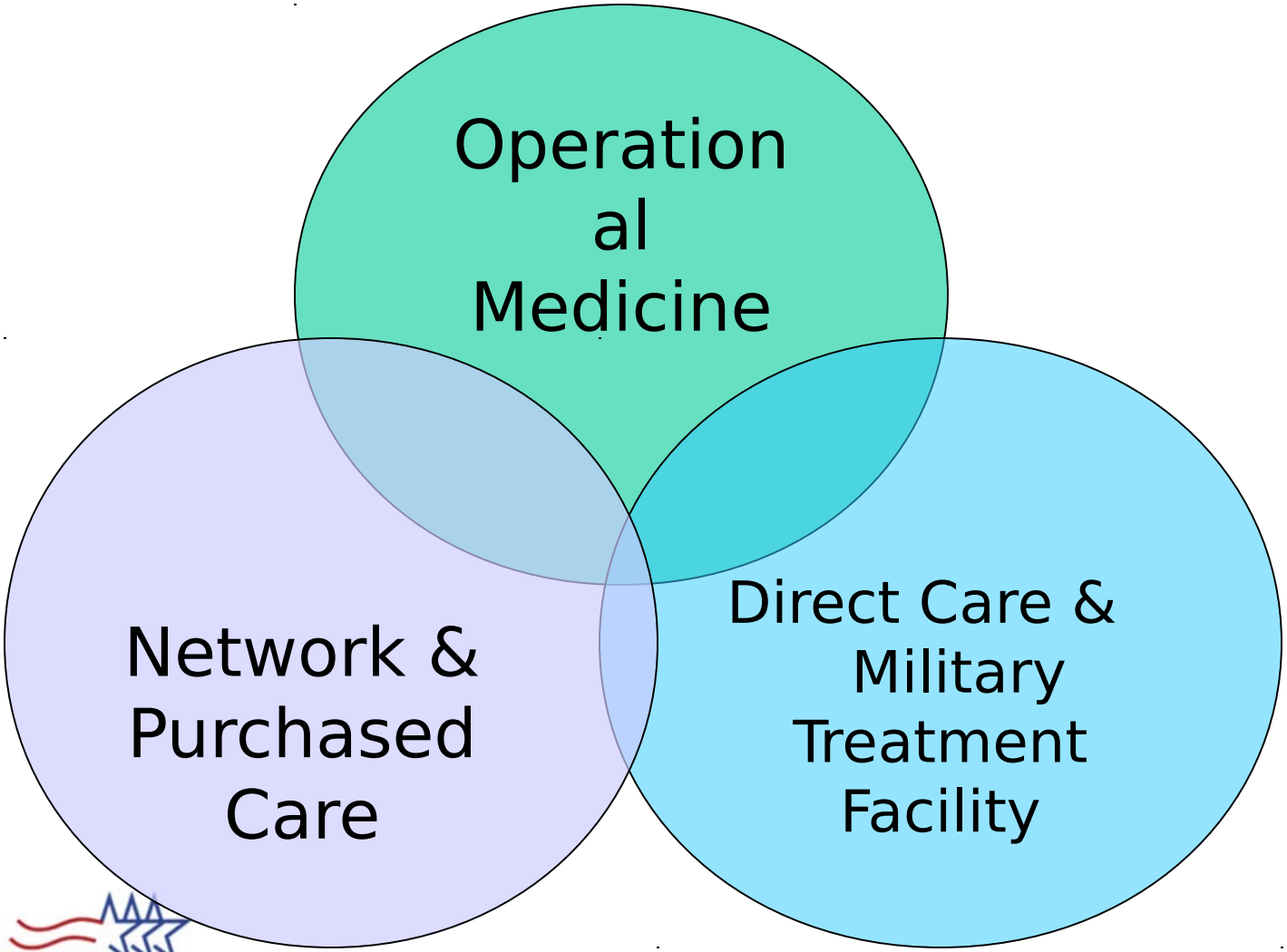
TMA Mission and Vision

- Mission: To enhance DoD and our Nation's security by providing health support for the full range of military operations and sustaining the health of all those entrusted to our care.
- Vision: A world-class health system that supports the military mission by fostering, protecting, sustaining and restoring health.

Healthcare Delivery System



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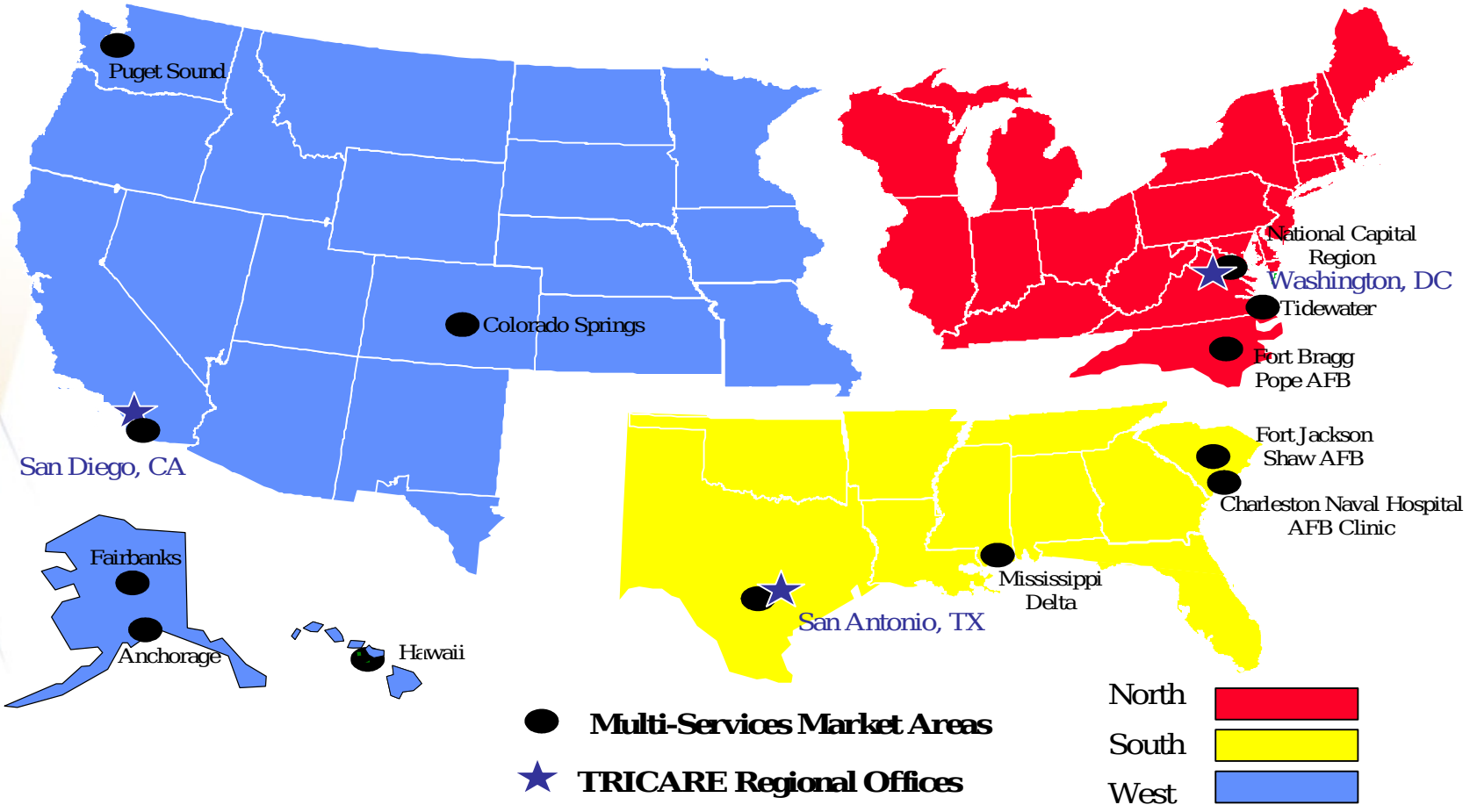
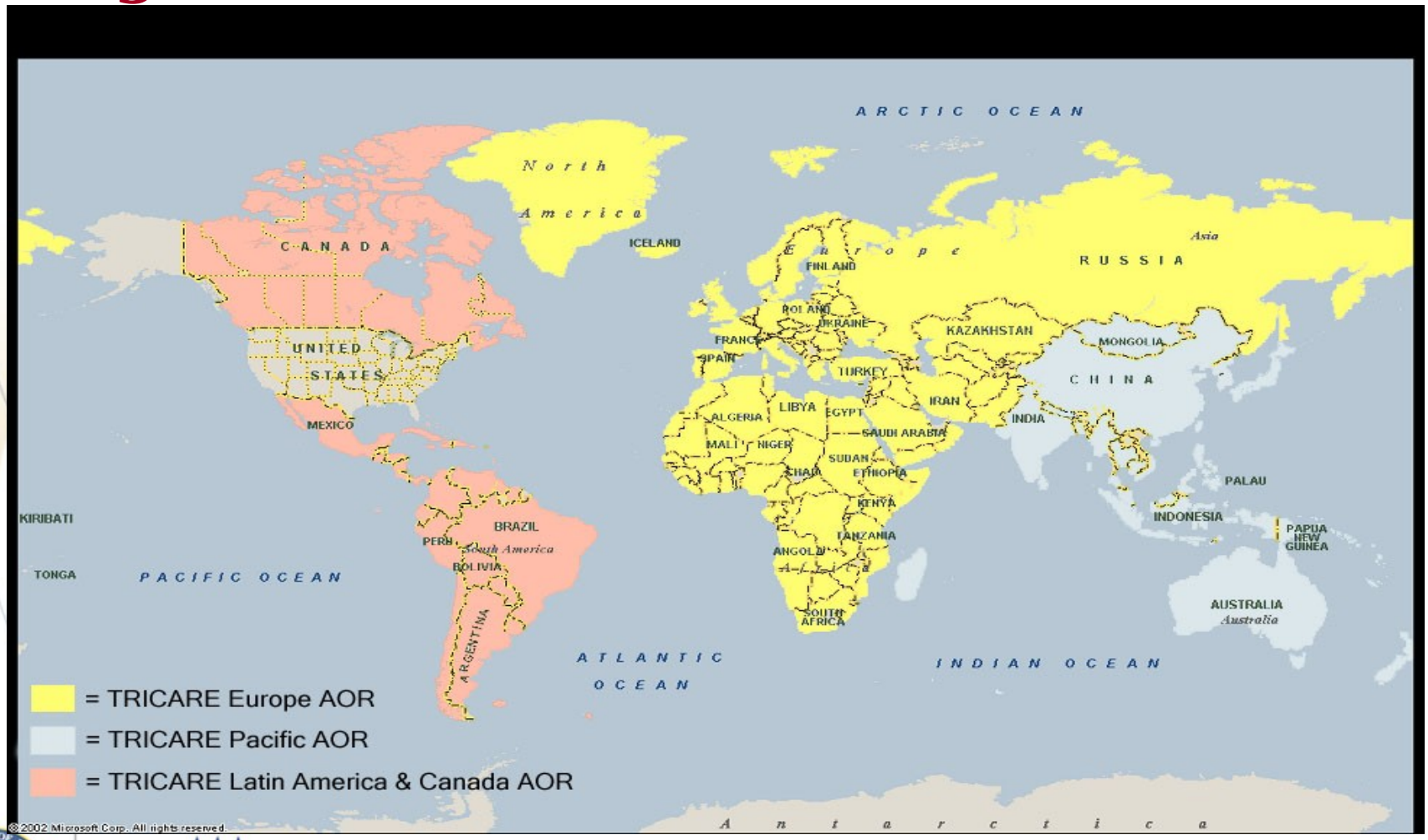
What is TRICARE?

- A healthcare plan using military health care as the main delivery system
  - Augmented by a civilian network of providers and facilities
- Provides services to:
  - Active duty and their families
  - Retirees and their families
  - Other entitled members
- Under TRICARE, there are three options for health care:
  - Prime
  - Extra
  - Standard

TRICARE Regions



TRICARE OCONUS Regions



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TRICARE…..FROM THE BEGINNING

- 1775 Congress establishes a military hospital
- 1818 Permanent Medical Department established
- 1884 Congress directed care be provided to families without charge
- 1943 Congress authorized emergency maternal and infant care (EMIC) for soldiers (E1-E4) in civilian hospital
- 1956 Dependent Medical Care Act formalizes EMIC program
- 1966 Military Medical Benefits Act - created CHAMPUS
- 1966 - 1982 Congressional action focused on controlling rising cost
- 1988 – CHAMPUS Reform Initiative (CRI)
- 1993 – DoD and Congress expand CRI to become TRICARE
- 2003 – T-NEX, The next generation of contracts
- 2009 – T-3

TRICARE

TRICARE Statistics

- TRICARE Eligible Beneficiaries:
  - **9.2 million**

- MHS Direct Care Facilities
  - 63 Military Hospitals
  - 413 Medical Clinics
  - 413 Dental Clinics
- MHS Personnel
  - **133,500**
    - 89,400 Military
    - 44,100 Civilian
- FY07 DoD Health Care Expenditures
  - **$42.17 billion**

A Week in the Life…

Inpatient Admissions: 18,500
4,800 Direct Care
13,700 Purchased Care

Outpatient Visits: 1.8 Million
664,000 Direct Care
101,900 Dental Seatings

Births: 2240
980 Direct Care
1,260 Purchased Care

Prescriptions: 2.28 Million
1.17 million Direct Care
940,000 Retail Pharmacies
175,000 Mail Order

Claims Processed: 3.7 Million

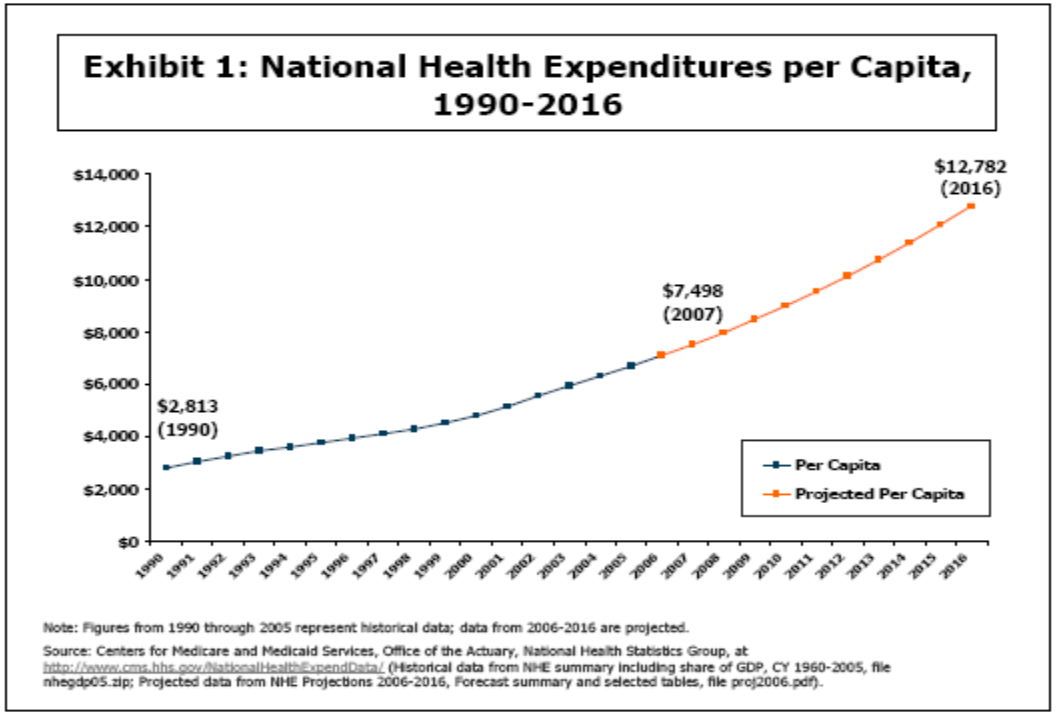
Weekly Bill: $809 million

The Status of Healthcare in America

US Healthcare Costs and Trends

- By 2010, Americans are expected to spend over $9,000 per person on health care (Doubled from 2000).

- Health Care spending could reach $4.1 trillion of the nation's gross domestic product by 2016 (doubled from 2007).



Source: Kaiser Family Foundation, 9/07

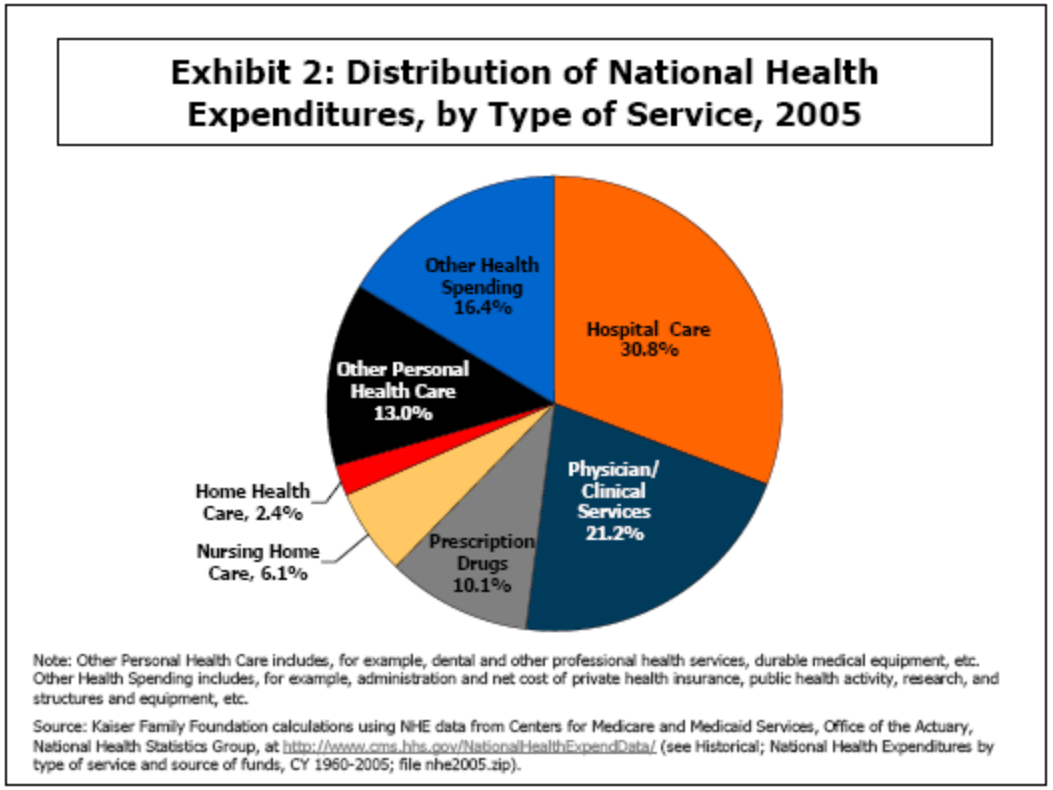
Affects on the average family today?

- “The average premium for family coverage in 2007 is $12,106, and workers on average now pay $3,281 out of their paychecks to cover their share of the cost of a family policy”. (Insurance Journal - Sept 2007)

- “Nearly 46 million Americans, or 18 percent of the population under the age of 65, were without health insurance in 2007”. (National Coalition on Healthcare)

Where does the money go?

- Just over half of the national health spending goes toward hospital and physician and clinical services.



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Potential reasons for the increase

- Medical technology and capability
- Advanced specializations of providers
- Medical inflation
- Litigation
- “Free loader” concept

Real answer: Patient Expectations

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- Medical technology and capability
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Real answer: Patient Expectations

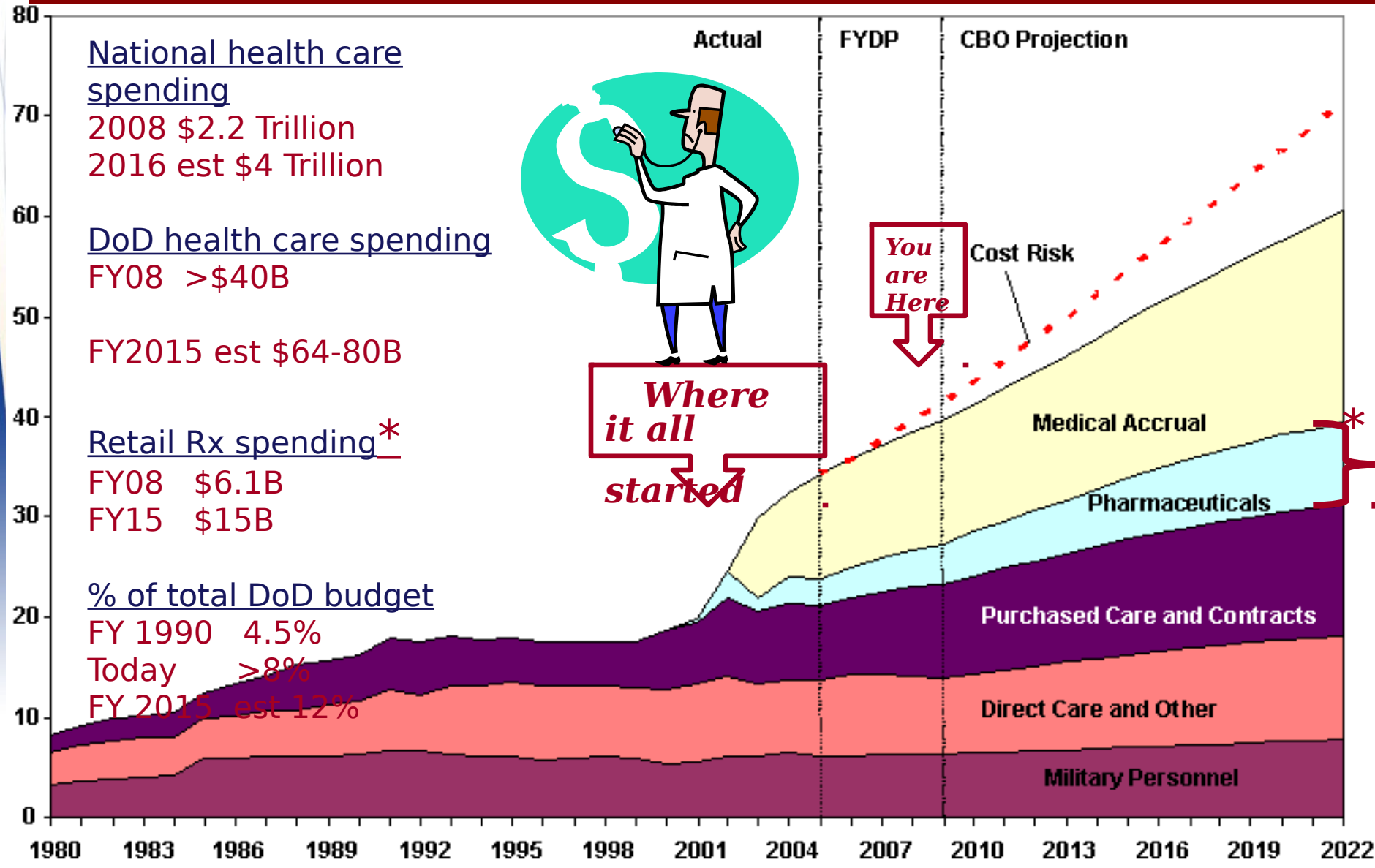
Which solution is best?

- Health Savings Accounts
- Individual health insurance policies
- Government sponsored health plans
- Taboo word…socialized medicine

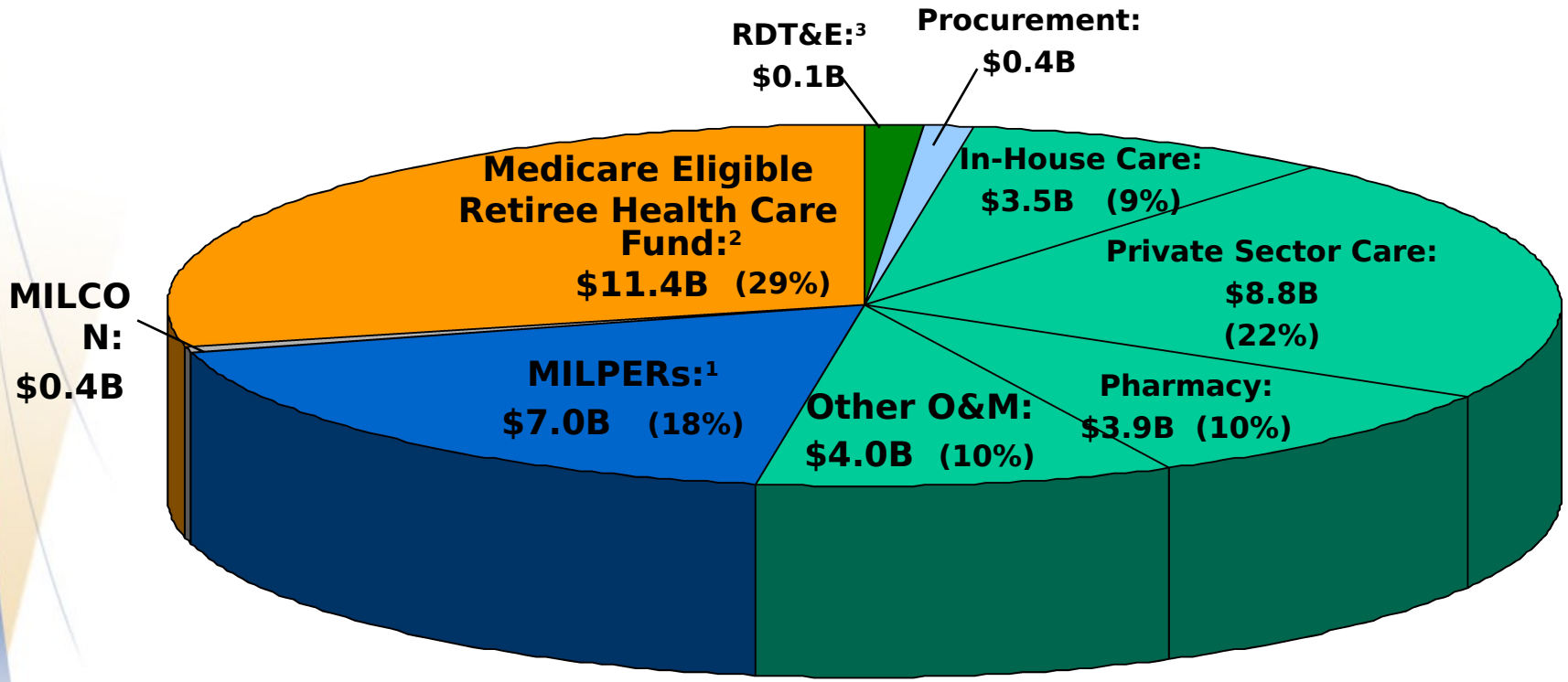
The Affects on the Military Health System

TRICARE

Military Health Spending



DoD Health Care Budget FY2007



FY2007 Total Budget: $39.5 Billion

1 – DHP Budget for Military Personnel comes directly from MILPERs Budget

2 – Normal Cost Contribution paid into the Medicare Eligible Retiree Health Care Fund

Scope Of The Problem

TRICARE is one of the very best health plans in the world.

However in 2008:

- Defense Health Budget is approximately $41 billion

- This is approximately equal to:
  - ✓ Three years of Navy Ship building budget
  - ✓ Over 280 F-22 Raptors
  - ✓ 37% of the total Army budget

What's Causing This Growth

DoD Health cost growth is attributable to four main factors:

1) Expansion of TRICARE to cover more services and more beneficiary groups.
2) Medical inflation rates higher than general inflation
3) Higher participation by eligible beneficiaries
4) Beneficiary cost shares have remained unchanged

Source: 2006 Tri-Service Health Care Facilities Symposium

The way ahead

- Efforts to offset these changes,
  - Pharmacy transition toward TMOP
  - Joint VA/DoD initiatives
  - Strategic business planning
  - Services “right sizing” medical assets
  - BRAC
- Sustain the benefit: Legislation under review

What can you do…

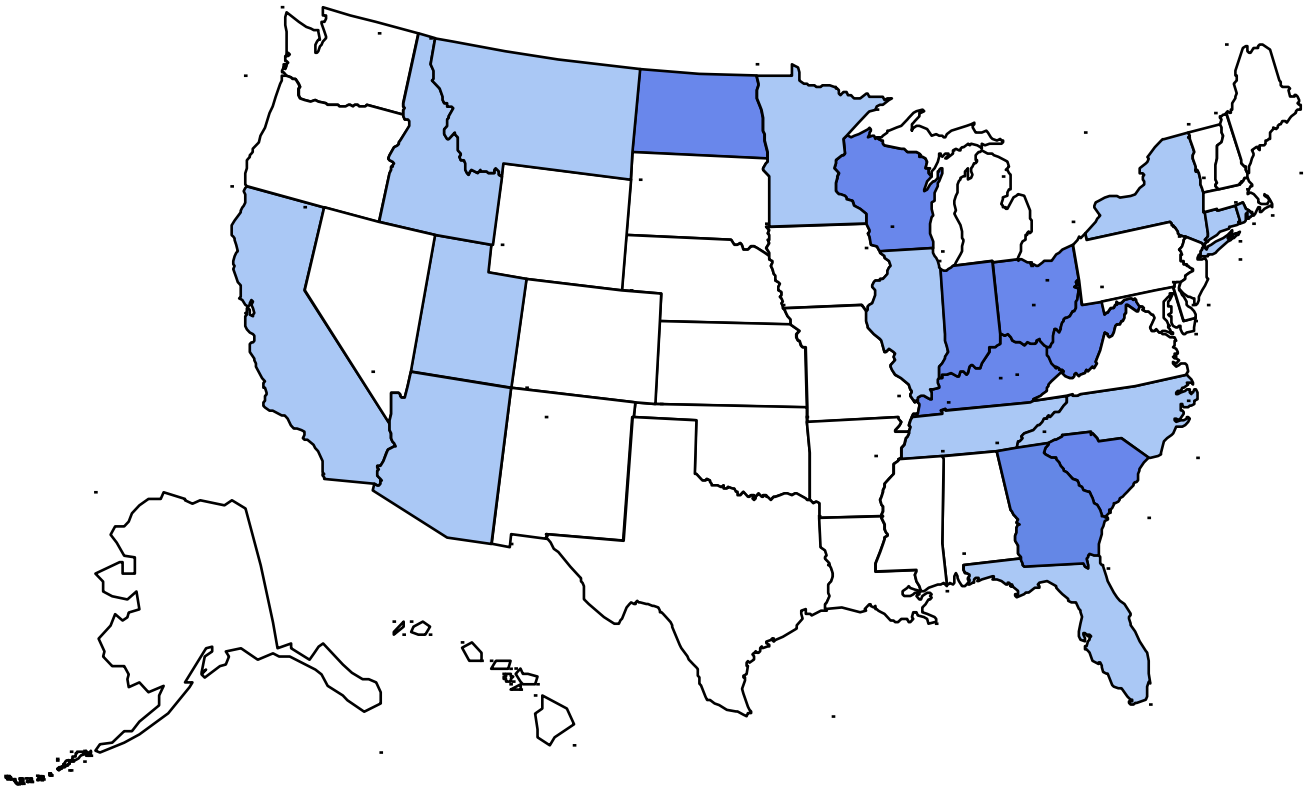
Stay healthy

&

Stay Engaged

Obesity Trends* Among U.S. Adults BRFSS, 1985

(*BMI ≥ 30, or ~ 30 lbs overweight)



Source: Mokdad AH, et al. *J Am Med Assoc* 1999;282:16.

DEPARTMENT OF HEALTH & HUMAN SERVICES · USA

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CDC

CENTERS FOR DISEASE CONTROL AND PREVENTION

Obesity Trends* Among U.S. Adults
BRFSS, 1988

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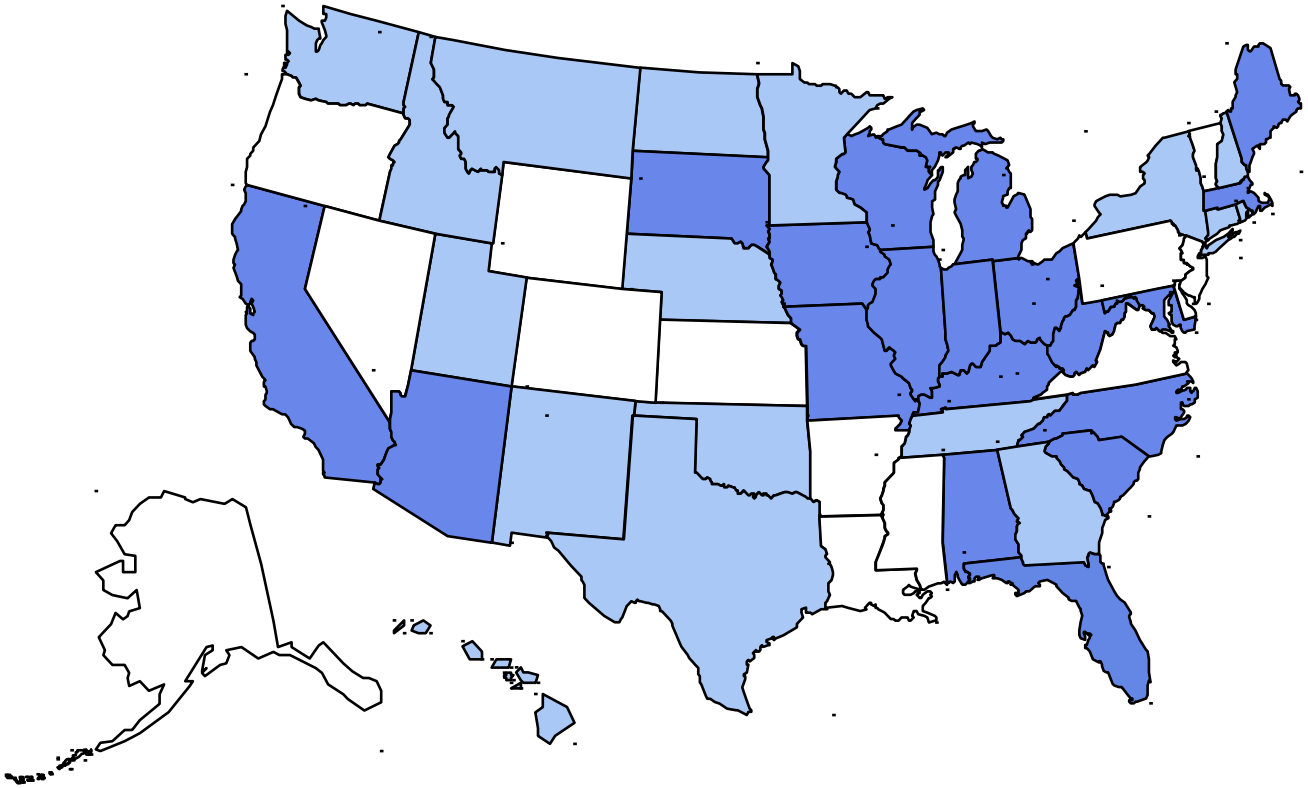

TRICARE

Obesity Trends* Among U.S. Adults
BRFSS, 1990

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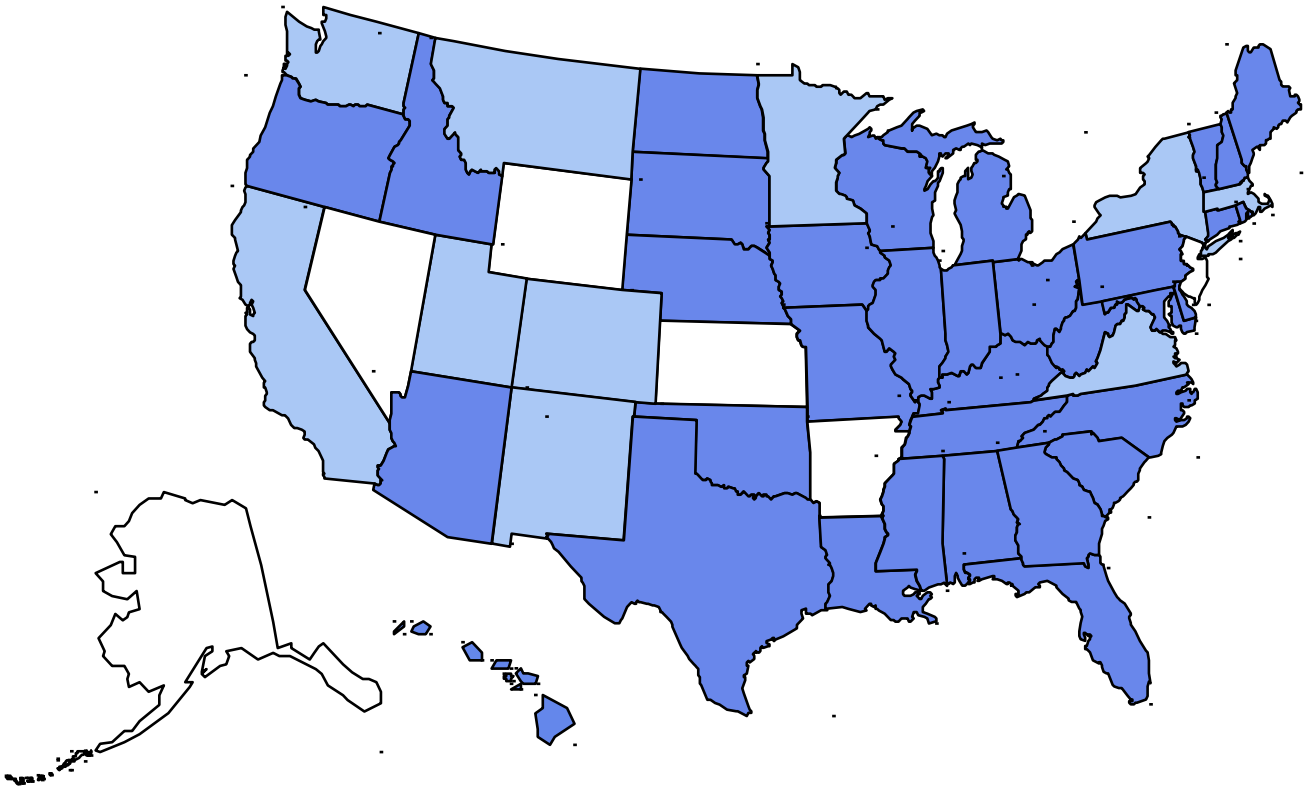

TRICARE

Obesity Trends* Among U.S. Adults
BRFSS, 1992

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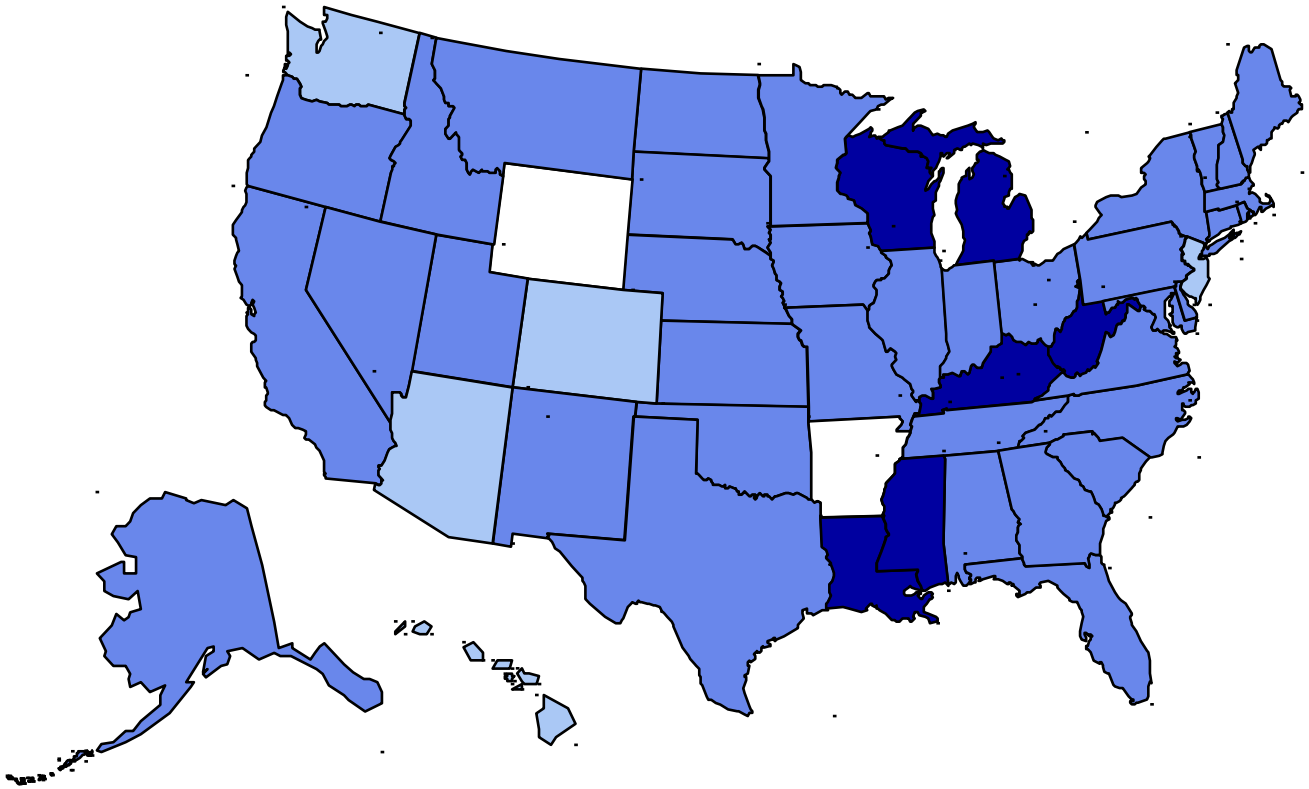

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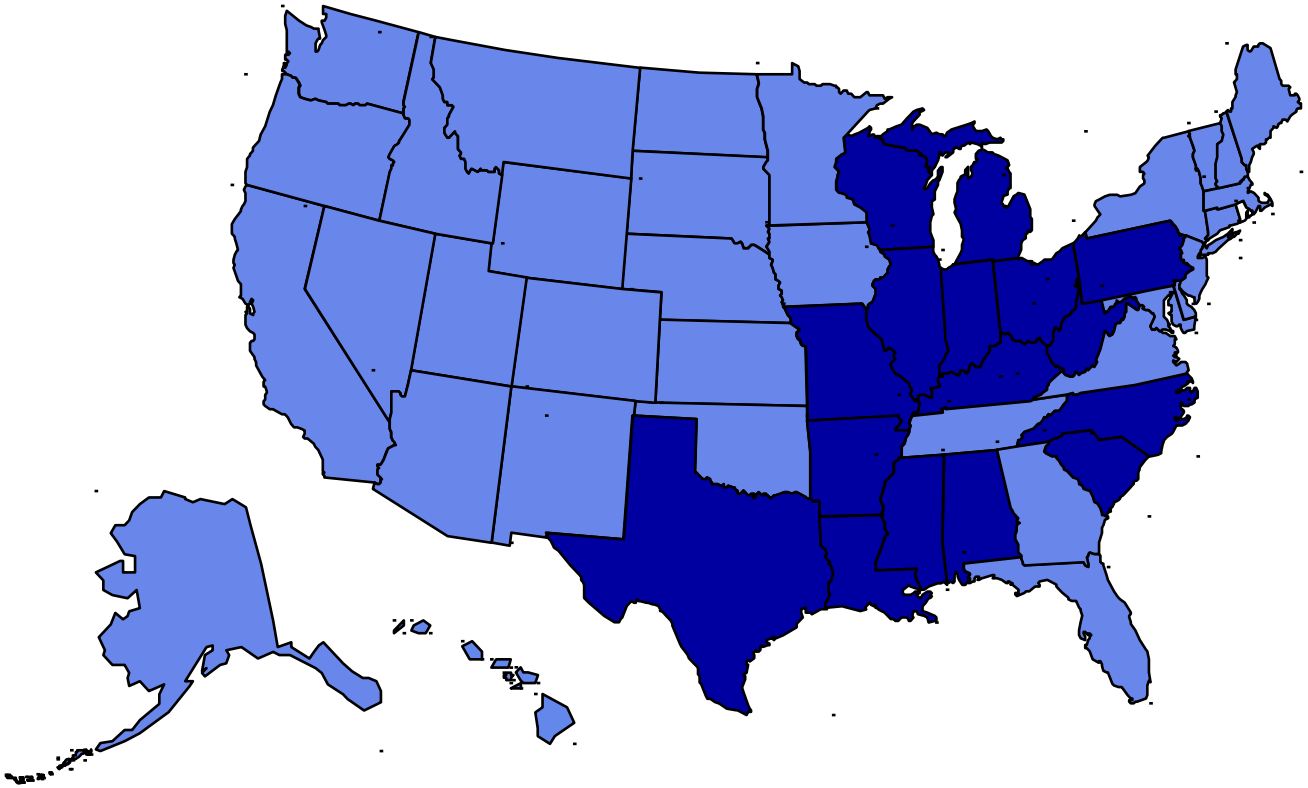

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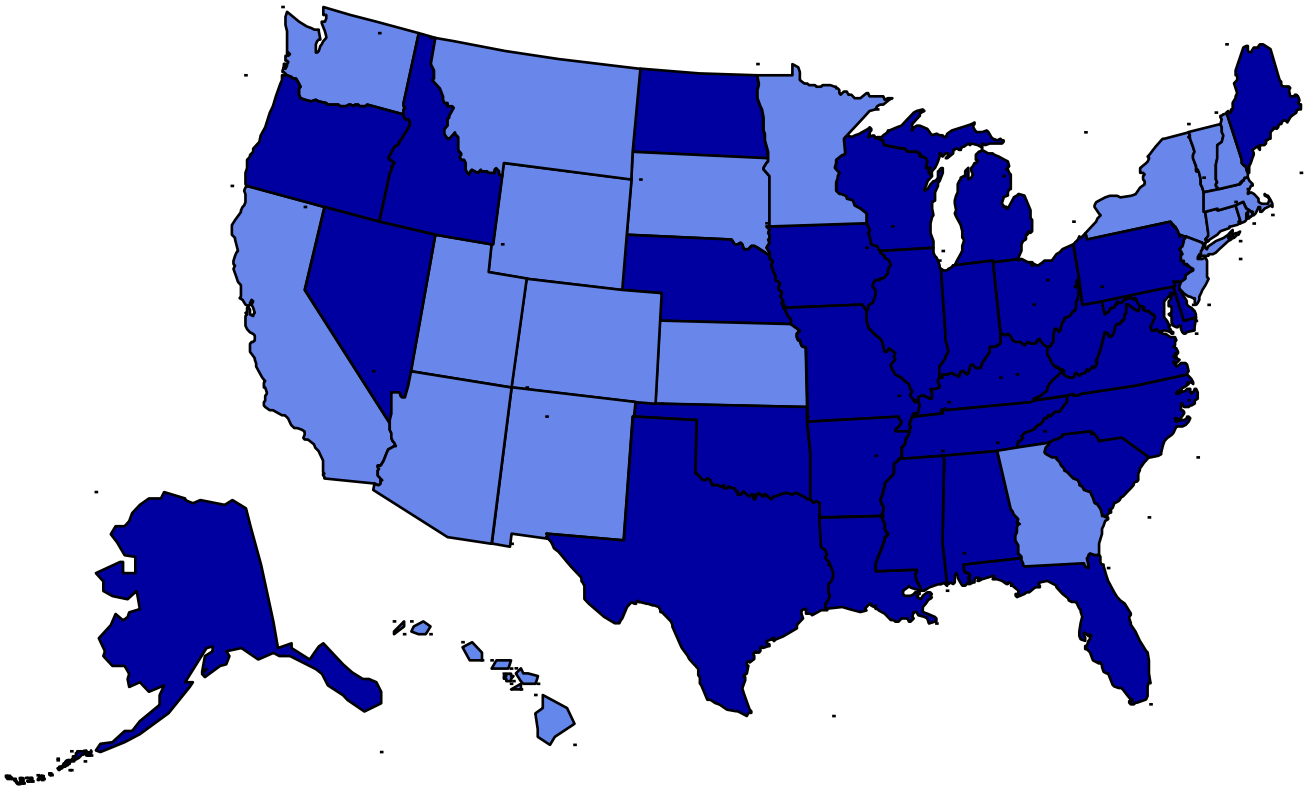

TRICARE

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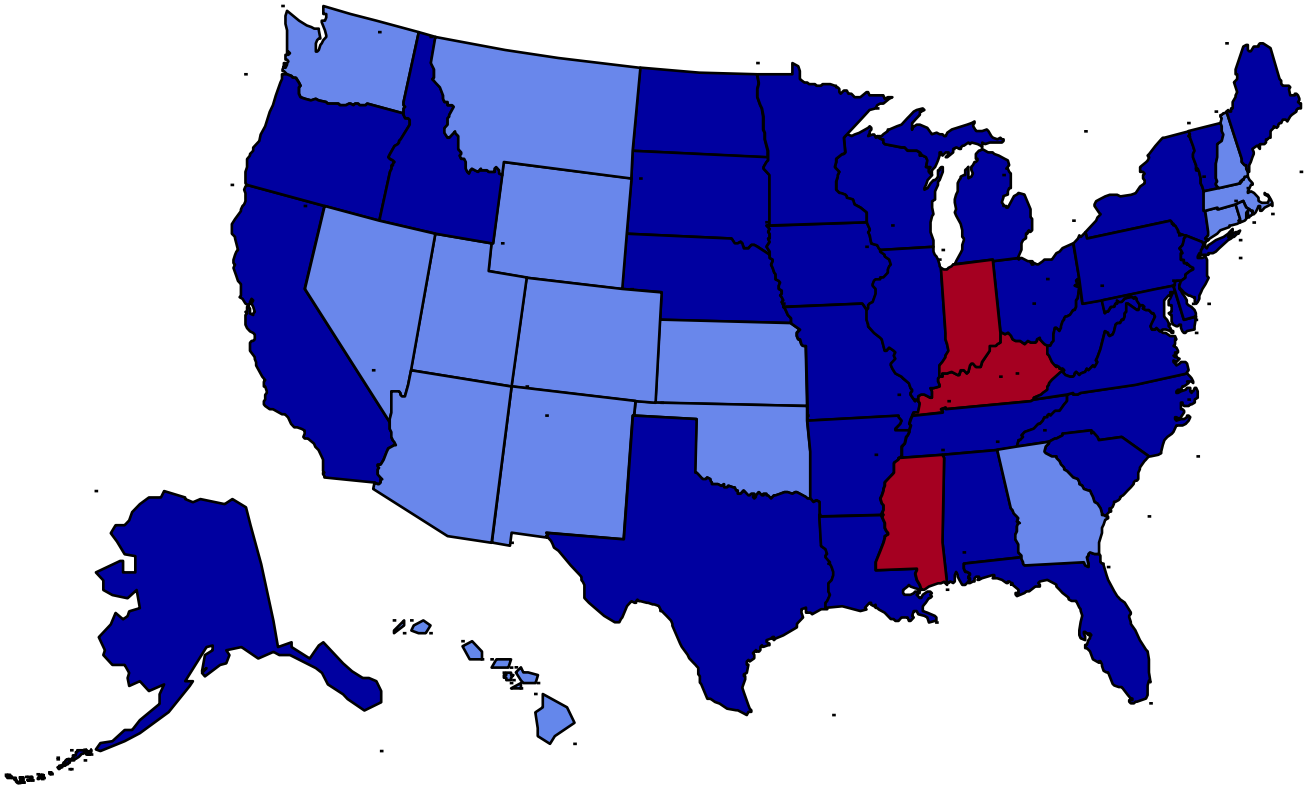

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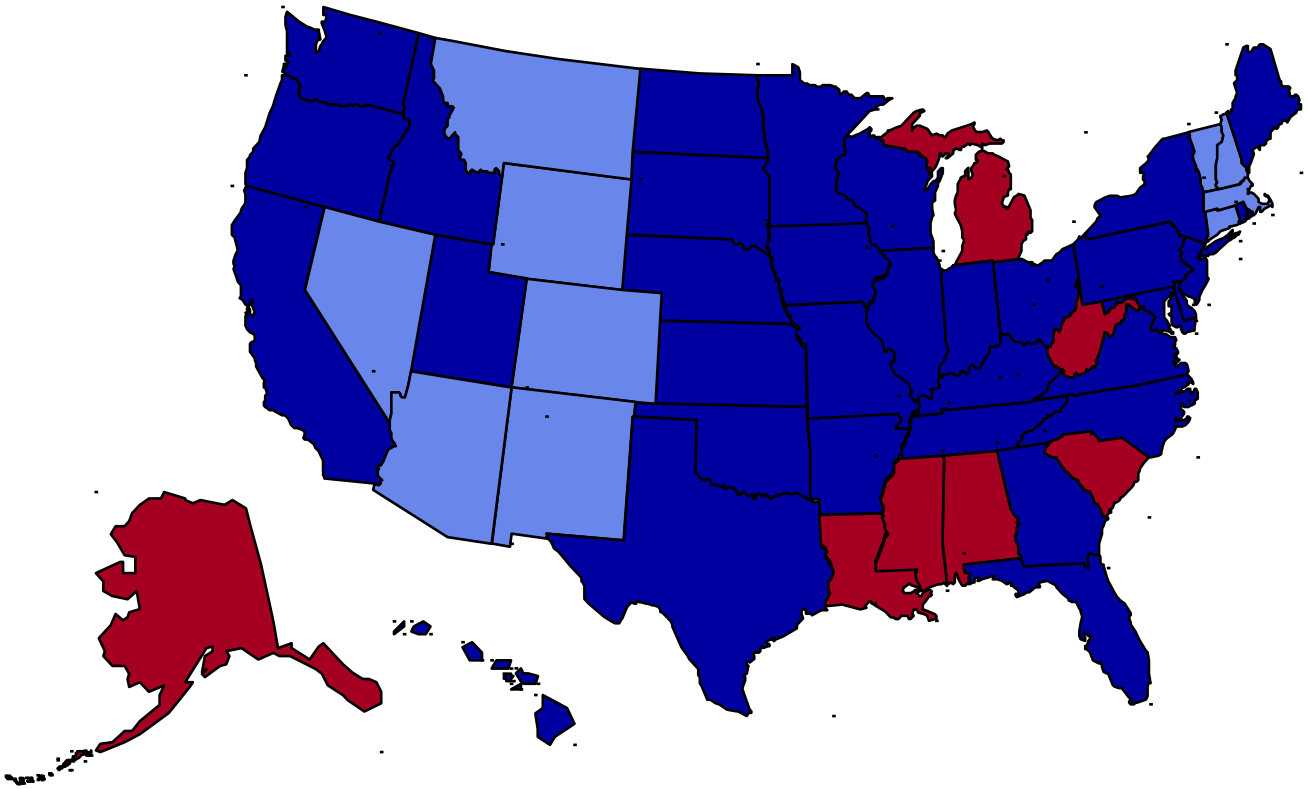

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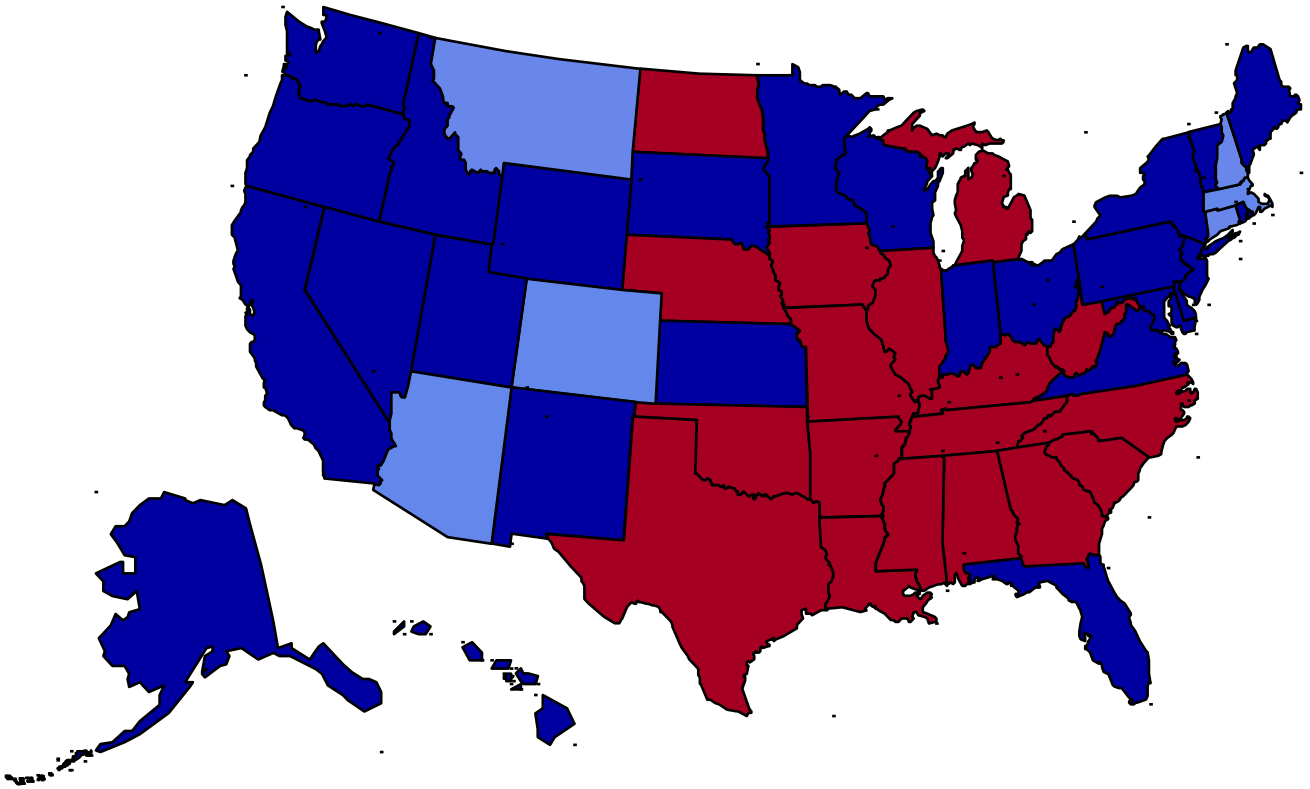

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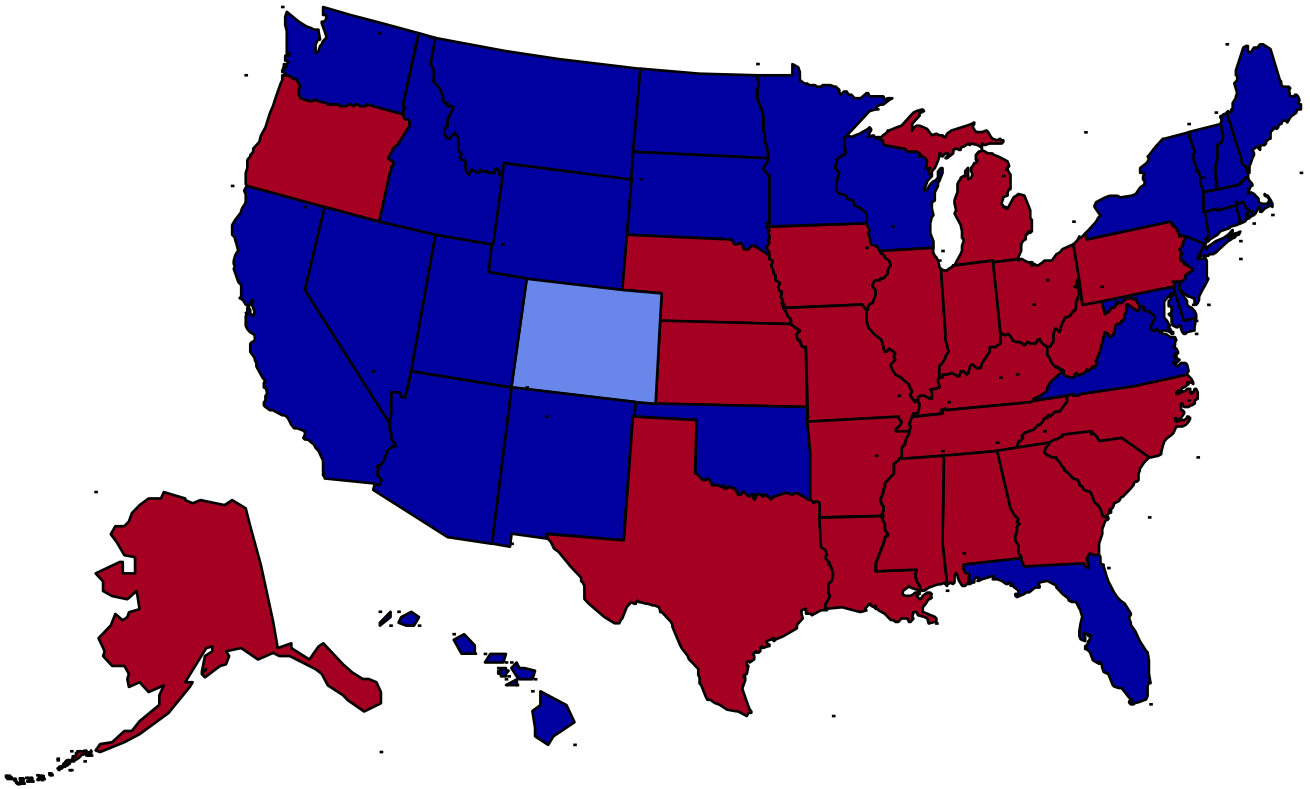

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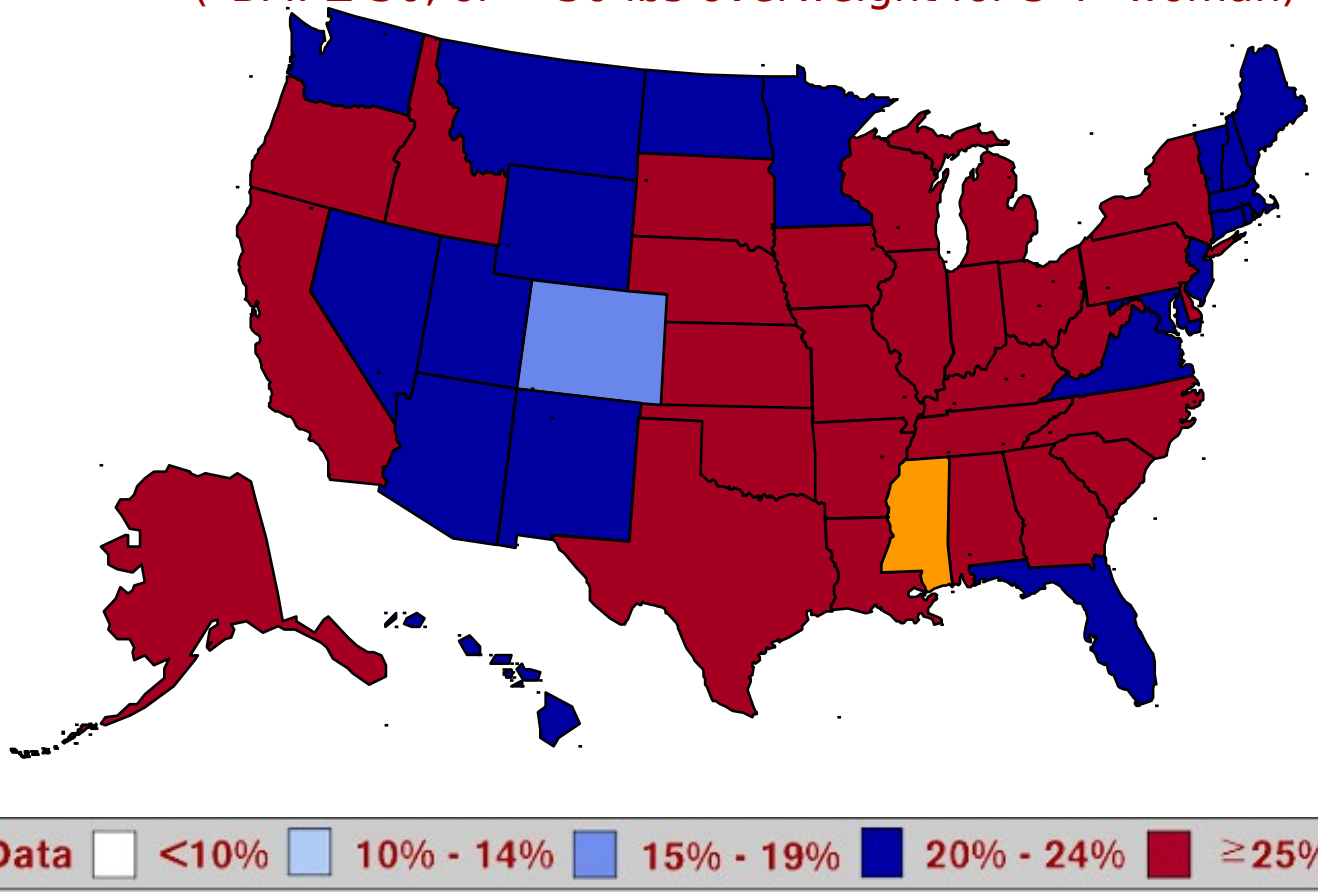
Obesity Trends* Among U.S. Adults BRFSS, 2001

(*BMI ≥ 30, or ~ 30 lbs overweight for 5’4” woman)



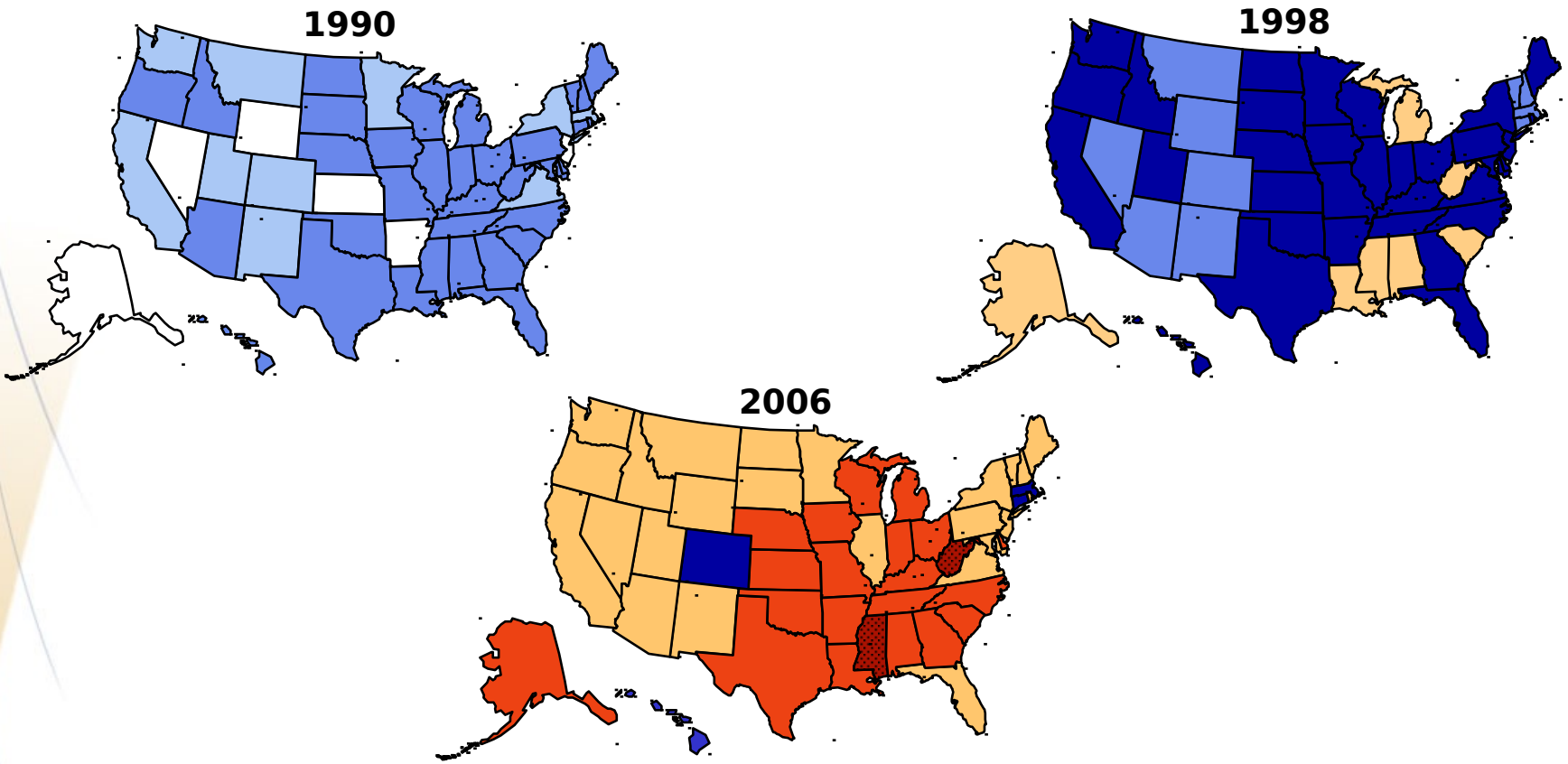
Source: Mokdad A H, et al. *J Am Med Assoc* 1999;282:16, 2001;286:10.

TRICARE

Obesity Trends* Among U.S. Adults

BRFSS, 1990, 1998, 2006

(*BMI ≥30, or about 30 lbs. overweight for 5’4” person)



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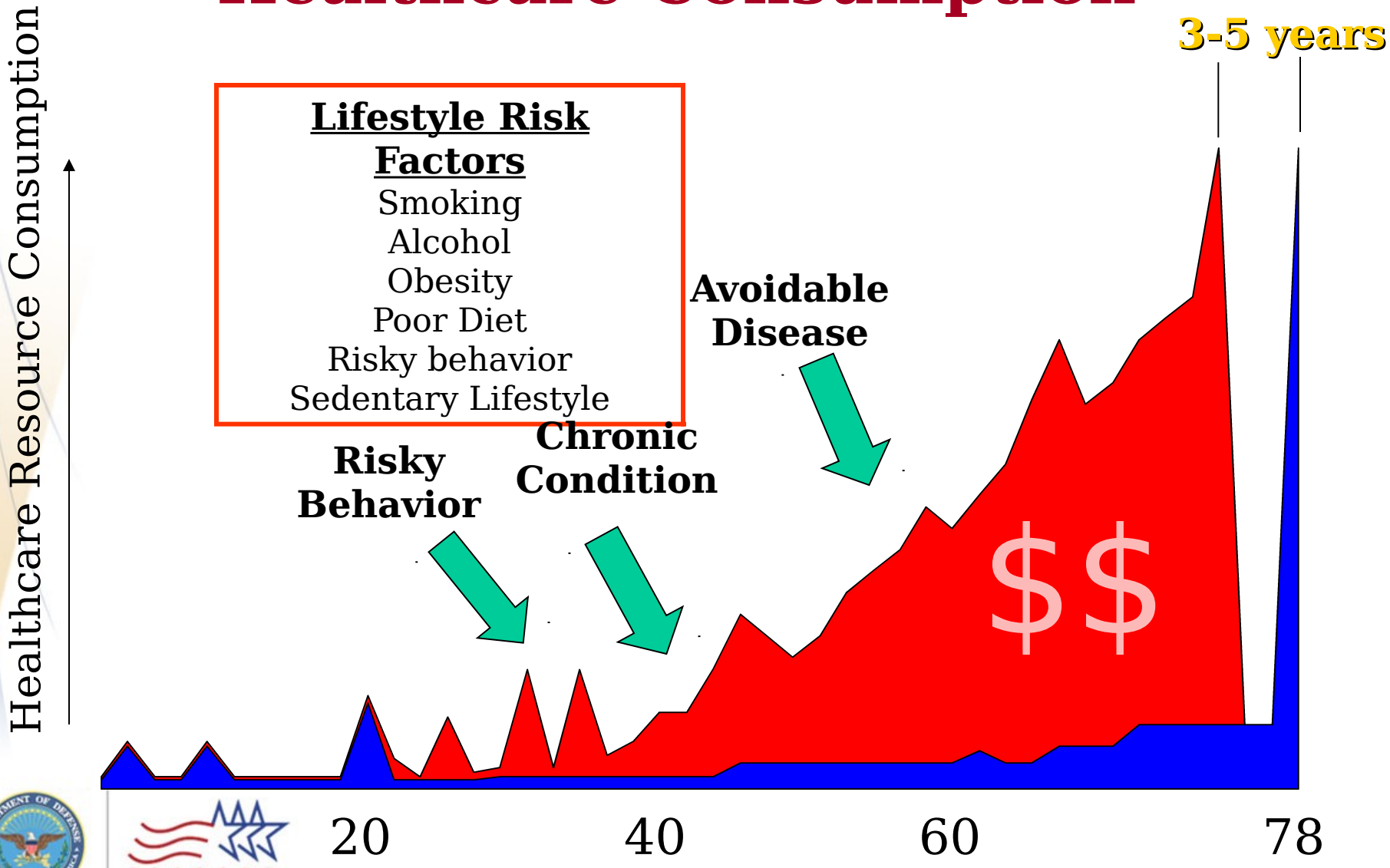
Good Health Reduces Healthcare Consumption



Stay Engaged – Sustain the Benefit

- In 1995, beneficiaries paid approximately 27 percent of their health care costs.
  - Today beneficiaries pay only 12 percent of their health care costs.
- TRICARE annual premiums haven't changed in 11 years.
  - By contrast, premiums for federal employees (under FEHBP) rose 115% from 1995 to 2005.
- Effect – Employed retirees are choosing TRICARE over civilian sponsored healthplan

Stay Engaged – Sustain the Benefit

- The current TRICARE Prime annual enrollment fee for retirees:
  - $230 for individuals and $460 for families, regardless of pay grade
- Proposed changes would increase retiree TRICARE Prime enrollment fees:
  - $325 for individuals and $650 for families at pay grades E-6/below
  - $475 for individuals and $950 for families at pay grades E-7/above
  - $700 for individuals and $1,400 for families for retired officers
- Share of health care costs paid by military retirees would be indexed to the Federal Employees Health Benefits Program that covers federal workers and retirees.
- Funds collected from increased fees will go to offset health care costs.

Stay Engaged – Sustain the Benefit

- Counter argument – The Military Coalition
  - Increases change the promise made to retirees
  - Increases will reduce “take home” retirement pay
- Recommended solutions
  - Reduce inefficiencies
  - Market TMOP

QUESTIONS or COMMENTS?

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